

## **Swansea Town Hall Community Centre Financial Accounting Policy**

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This policy is to be read in conjunction with and subject to the City Relationship Framework and the Terms of Reference of the Finance Committee

### **Roles and Responsibilities**

The Board of Management has overall responsibility for the financial management of the Swansea Town Hall.

The Executive Director has general responsibility for the financial management of the Swansea Town Hall.

The day to day accounting and book-keeping will be the responsibility of the staff as assigned by the Executive Director.

The Executive Director will be responsible for providing financial reports to the Board of Management under the direction of the Treasurer.

The staff will provide any requested reports to the Treasurer.

### **Accounting system**

The Swansea Town Hall will use a computerized accounting system. The Swansea Town Hall operates on a cash basis during the year and at year end the books are adjusted to Accrual basis.

### **Banking Policy**

The Swansea Town Hall shall maintain a chequing account as an operating account. A secondary interest bearing account shall be maintained in order to appropriately manage funds, by the Executive Director.

### **Signing Authority**

All cheques shall bear two signatures; any two of Chair, Vice-Chair, Secretary, Treasurer or Executive Director.

### **Annual Budget**

The preparation of the annual budget is the responsibility of the Executive Director, using the guidelines provided by the City and working under the Treasurer and the Budget Committee. The guidelines including the form and schedule for submission of the annual budget, are driven by the Budget Advisory Committee of the City of Toronto and Toronto City Council. The Executive Director will advise the Board and Treasurer of the guidelines when received.

The Board of Management shall approve the annual budget.

Whenever practical the annual budget shall be approved by the Board of Management

prior to submission. Where this is not practical the Budget Committee may submit a draft budget to the City, with final approval by the Board at its first meeting occurring afterwards.

### **Financial reporting to the Board of Management**

The Executive Director will provide to the Board of Management at scheduled Board meetings the following reports;

- Summary Variance Report
- Variance analysis
- Balance Sheet
- Income Statement
- Trial Balance
- Cheque Reconciliation Report

These reports are required to be complete for each period reported.

### **Financial reporting to the City**

Board approved financial reports will be provided to the City at the City's request.

### **Annual audit**

An audit of all financial records of the Board of Management will be carried out on an annual basis.

The Auditor General in consultation with the Community Centres (AOCC) is responsible for selecting an external Auditor to complete the annual audit.

The staff of the Swansea Town Hall is responsible for providing the External Auditor with complete Books and working papers.

The Audit is completed in consultation with the Board.

The results of these audits, after acceptance by the Board of Management, are reported to the City.

## **Swansea Town Hall Community Centre Financial Accounting Procedures**

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### **Bookkeeping Procedures**

On a weekly basis at a minimum the staff will:

- i) Enter Invoices for Expenditures and Sales
- ii) Enter Credit Card expenditures
- iii) Enter Income Received

### **Month End Procedures**

After staff has received the bank statement for the month they will:

- i) Reconcile Bank Accounts
- ii) Print the following reports;
  - a) Balance Sheet
  - b) Income Statement
  - c) Trial Balance
  - d) Cheque Reconciliation Report
  - e) Aged summary of payables
  - f) All transactions report

### **Bank Deposits**

Bank Deposits should be made at a minimum two times a month and also when it's appropriate due to large cash or cheque value on hand.

### **POS**

The point of sale terminal will be cleared (bank deposit) at a minimum two times per month and also when it is appropriate due to large value on hand.

### **Petty Cash Float**

There will be a petty cash float of an amount to be determined by the Board from time to time, which will be maintained for various Swansea Town Hall related small purchases. This float will be reconciled at a minimum one time a month.

### **Petty Cash Sales**

Sales of coffee, photocopies, faxing services and other incidental items will be recorded on the petty cash sales sheet recording the amount, date and person receiving the cash.

## **Payroll Procedure**

All hourly staff complete a time sheet on a daily basis.

The Swansea Town Hall may utilize a Payroll service, subject to Board of Management contracting procedure.

The Swansea Town Hall maintains a data base of employee hours. This database also calculates sick time balances, records paid personal leave and float day balances as well as other balances that may be required from time to time that the payroll service cannot calculate.

The Swansea Town Hall follows a payroll period of every two weeks. Thus there are 26 pay periods per year normally.

After completion of the payroll process there is a G/L document created and these results are entered into the accounting system.

## **Audit Preparation**

The Auditor will generally provide a checklist of items required in advance of the annual audit.

Before finalizing the accounting records for the year they should be thoroughly reviewed to ensure that all transactions have been accurately recorded.

- 1) Ensure that any year end adjusting entries from the previous year were posted.
- 2) Ensure that the trial balance is in balance (debits equal credits)
- 3) Ensure that year-end adjustments are done.
  - a) prepaid expenses
  - b) accounts payable
  - c) accruals
- 4) Ensure that the balance sheet accounts agree to the reconciliation which supports the account.
  - a) Banks
  - b) Receivables
  - c) Prepaid expenses
  - d) Accounts Payable
  - e) Accruals
  - f) Others

If the accounts are not in agreement determine the reason for the difference and make the required journal entry to correct.

- 5) Ensure that there are no balances in suspense or clearing accounts.

- 6) Review the accounts for any balances or transactions that do not appear correct. Investigate and correct if required.
- 7) Review accounts for significant variances from the prior year. Be prepared to explain the variances. This should be done for balance sheet accounts as well as revenue and expense accounts. Significant variances usually refer to a 10% change year over year.
- 8) The following records should be available
  - a) Year end trial balance
  - b) General Ledger for entire year (generally the auditor will have audit software which will allow them to copy the general ledger to their computer thus negating the requirement for a printed one).
  - c) Bank statements and cancelled cheques for the entire year
  - d) Bank statement and cancelled cheques for the first month of the following year.
  - e) Cheque book or cheque stubs for the entire year
  - f) Cheque book or cheque stubs for the following year to date.
  - g) Bank deposit books for the entire year
  - h) Bank deposit books for the following year to date
  - i) All invoices, statements, and petty cash sheets which support purchases made during the year.
  - j) All payroll records
  - k) Budget for the year
  - l) Minutes of all Board meeting held during the year.
  - m) List of service contract, leases, or any other significant obligations entered into during the year.
  - n) List of receivables
  - o) List of prepaid expenses
  - p) List of accounts payable

